



University of Toronto

OFFICE OF THE VICE PRESIDENT BUSINESS AFFAIRS

TO: Business Board

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DATE: September 26, 2005 for October 11, 2005

AGENDA ITEM: 9

ITEM IDENTIFICATION:

Investments: Semi-Annual Report on Investment Performance, June 30, 2005

JURISDICTIONAL INFORMATION:

The Board is responsible for the “review of annual reports, or more frequent reports as the Board may from time to time determine, on the investment of University and pension funds, such reports to include, without limitation: (i) reports on investment performance as measured against the rate-of-return objectives and benchmarks established in the investment policies, and the reasons for the results; (ii) reports on portfolio risk compared to the risk tolerances established in the investment policies; (iii) reports on the costs for managing each fund; and (iv) reports on the major investment decisions made in the reporting period by the asset management corporation (in contrast to the decisions made by the external portfolio managers).” (Terms of Reference, 5.1.)

The Chair has requested that a semi-annual report on investment performance to June 30 be provided in addition to the usual annual report from the University of Toronto Asset Management Corporation.

PREVIOUS ACTION TAKEN:

The Board, at its meeting of April 4, 2005, reviewed the 2004 annual report of the University of Toronto Asset Management Corporation.

HIGHLIGHTS:

- **Long-Term Capital Appreciation Pool** (the L.T.CAP, which is the investment vehicle for the University’s endowment funds). For the six months ended June 30, 2005, the L.T.CAP has provided a return of 4.19%, which is 0.02% below its benchmark. For the year ended June 30, the return has been 9.54%, which is 0.11% above the benchmark return.

- **Pension fund.** For the six months ended June 30, 2005, the pension fund provided a return of 4.83%, which is 0.09% below its benchmark. For the year ended June 30, the return has been 10.87%, which is 0.16% above its benchmark.

- **Expendable Funds Investment Pool (EFIP).** For the six months ended June 30, 2005, the EFIP provided a return of 2.83%, which is 1.16% above its benchmark. The return for the year to June 30 has been 5.18%, which is 1.66% above the benchmark return.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

It is expected that UTAM will deliver the returns needed to meet the budget commitments.

RECOMMENDATION:

The Report is presented to the Business Board for information.